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C O N F I D E N T I A L GUATEMALA 000045

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E.O. 12958: DECL: 2020/02/17
TAGS: [PGOV](#) [ECON](#) [SOCI](#) [PREL](#) [PINR](#) [ASEC](#) [EAID](#) [GT](#)
SUBJECT: 2009 in Review; What to Watch for in 2010

REF: A. 09 GUATEMALA 919; B. 09 GUATEMALA 969; C. GUATEMALA 07 D. 09 GUATEMALA 106; E. 09 GUATEMALA 756; F. 09 GUATEMALA 538 G. 09 GUATEMALA 92

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State, P/E; REASON: 1.4(B), (D)

Summary

[1](#)1. (C) President Colom's tenure during 2009 was characterized by a number of successes in the social field, and growing challenges in others,
[1](#)2. (SBU) Guatemala's macro-economic management remained sound, but its economy, closely tied to that of the United States, was buffeted by the
A Pre-Electoral Year that Feels Like an Election Year

[1](#)3. (C) Although presidential, congressional, and municipal elections will not be held until Sept. 2011, 2010 already feels like an election ye
[1](#)4. (C) In Congress, deputies are switching parties in hopes of improving their re-election chances and, in the case of those switching to Balc
-- (C) What to watch for in 2010: How long the shrinking UNE bench can hold together its ad hoc legislative alliance with GANA and FRG; passage
CICIG's Contribution to Democratic Stability

[1](#)5. (SBU) Thanks to a thorough investigation by the UN-led International Commission Against Impunity in Guatemala (CICIG), as well as USG and c
-- (C) What to Watch for in 2010: Two related CICIG investigations, those into the murders of businessman Khalil Musa and his daughter Marjorie
Expansion of Social Programs

[1](#)6. (SBU) President Colom was elected on the strength of support from rural voters to carry out a poverty alleviation and rural development age
[1](#)7. (C) Business elites and other opinion leaders in Guatemala City continued to deride the program as fostering dependency on the state, lacki
Other Transparency Concerns

[1](#)8. (C) Amidst growing concerns about the opacity of the First Lady's Social Cohesion Council programs, civil society groups reported that gove
-- (U) What to Watch for in 2010: Growth and effectiveness of Social Cohesion Council programs; the Banrural investigation; election of a new C
Guatemala Weathers the Economic Downturn

[1](#)9. (U) Although negatively impacted, Guatemala weathered the 2009 international economic crisis better than most and was the only Central Amer
-- (U) What to Watch for in 2010: Return of growth in remittances, investment, and trade. October selection of a new Central Bank President, wh
Anemic Tax Collection

[1](#)10. (U) The sharp slowdown in the economy led to lower tax revenues, which were 18% below 2009 projections. As a percentage of GDP, tax revenu
No Agreement on Tax Reform

[1](#)11. (U) To address the fiscal shortfall, at the end of November 2009 the government submitted a fiscal reform policy to Congress that included
-- (U) What to Watch for in 2010: Status of GOG-private sector dialogue on tax reform.

Worsening Food Insecurity

[1](#)12. (U) During 2009, Guatemala's levels of food and nutritional insecurity reportedly were the worst in the Western Hemisphere and exceeded th
-- (U) What to Watch for in 2010: Continued food insecurity in the Dry Corridor that expands into the highland region; the effectiveness of gov
Security: Narcos Maintain the Initiative

[1](#)13. (SBU) With USG assistance, the GOG tripled cocaine seizures in 2009 over 2008; approximately 11 of the 300 metric tons estimated to have t

[1](#)14. (SBU). Despite institutional shortcomings, some vetted units such as DEA's Sensitive Investigative Unit (SIU), the anti-gang unit (PANDA),
-- (C) What to Watch for in 2010: Presidential selection in May of a new Attorney General; CN performance; indictment of former Minister of Gov
Rule of Law Reform

[1](#)15. (C) The new Supreme Court, seated in October, is an improvement over its deeply corrupt predecessor. The Embassy and CICIG monitored and i

[1](#)16. (U) Some of the year's best news on the rule of law front came from Congress which, under the leadership of President Roberto Alejos and i
-- (C) What to Watch for in 2010: Whether the Supreme Court appropriately punishes corrupt judges and uses its substantial holdings of seized c
Foreign Policy

[1](#)17. (C) The mantra of the GOG's foreign policy continues to be maintenance of good relations with all countries in the hemisphere, which expl
Comment

[1](#)18. (C) According to a Borges and Associates poll taken at the end of 2009, Guatemalans rated President Colom's performance as a 5.1 on a scal

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